



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

MARY ANN WRIGHT
Acting Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

January 14, 2005

Mr. Rahe Junge
Umetco Minerals Corporation
2754 Compass Drive, Suite 280
Grand Junction, Colorado 81506-8788

Subject: Bonding Requirements, Umetco Minerals, Deremo/Peterson and
Wilson/Silverbell Mines, M/037/025 and M/037/027, San Juan County, Utah

Dear Mr. Junge:

On December 7, 2004, the Division wrote you and asked that you let us know what actions you would take to resolve certain problems with continuation of your contract with the Board of Oil, Gas and Mining and that you provide a schedule for taking care of these problems. You subsequently asked for an extension of time to reply, and the Division granted this extension by letter dated December 28, 2004.

The Division has decided to approach this matter differently than we indicated in our December 7, 2004, letter, so no response is required from you at this time. Since this is a contract with the Board, the Board needs to make any decision about releasing any area, keeping the current contract, or requiring another form of surety.

A memo has been written to the Division's Acting Director, Mary Ann Wright, notifying her of your release request, the status of reclamation, and the concerns with Union Carbide's financial status. We anticipate the Board will be notified of the situation so they can discuss it and decide how they would like to proceed. The Board or the Division will notify you if you need to take further action.

Thank you for your cooperation. Please call me at 801-538-5325 or Paul Baker at 801-538-5261 if you have any questions about this letter.

Sincerely,

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

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